

MARKET ANALYSIS - August 01, 2002

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Current changes in the weather and variance between forecasters have seen the commodity markets bounce around this week. Starting with a negative Monday, caused mainly by the wetter weekend, fund selling, and strengthening of the dollar, the corn markets fell 20 cents off last week's highs. However disagreement as to whether the rains might improve yields over time or whether the damage is already done caused apparent confusion later in the week when the funds started buying up what they had already sold, speculating that the USDA numbers due out next week might show corn yields to be in a bad situation. Despite export sales of corn coming in within the range of guesses late in the week, prices shot up about 11 cents when the general consensus of opinion amongst CBOT traders was that we are set for another hot and dry week next week. What with all of this volatility and upside potential, hedges should be in place now, either through put purchases or for those who want to enjoy the option price increase that volatility brings - through the sale of calls. Soybean prices have been generally rallying all week, but when rain finally fell, so did the prices, prompting the funds to sell. Only the positive weekly inspection report on Monday stopped things from getting really ugly in the pit, but by Tuesday traders viewed the sell off as a mere technical correction and started to buy up again. Like the corn market, volatility was the name of the game toward the end of the week, where prices jumped 30 cents on Wednesday only to drop to about 5cents at the close. Hedgers with a short call position are loving this variability in prices! Also, like the corn market, sales came in line with expectations but weather was the dominant market mover sending new crop prices up about 10 cents on the week. In the wheat market, we still have some time before we see the spring yields but many traders are guessing that the market will continue to move higher, as there is little chance of harvest pressure this year. Wheat losses early in the week were solely due to spillover pressures from the neighboring pits and all gains later in the week also came from the same source. End of week wheat sales came in a little below expectations but continuing concern over production problems in Canada and Australia are supporting trade. This has kept the trend going on the charts, so the technical traders are looking for the upward trend to continue. Most risk managers suggest that hedgers should have puts in place in this market and roll them up as prices move upwards. Apart from weather worries, expectations about the USDA report due out next week, as well as the declining Brazilian Real, will keep traders' attention over the upcoming week.

BASIS TABLE

| LOCATION | CORN BASIS | | SOYBEAN BASIS | | WHEAT BASIS | |
|-------------|--------------|-------------|---------------|------------|-------------|------------|
| | CASH (Sep02) | NEW (Dec02) | CASH (Sep02) | NEW(Nov02) | CASH(Sep02) | NEW(Jul02) |
| Baltimore | n/a | n/a | -\$.04 | -\$.47 | n/a | n/a |
| Western MD | +\$.22 | n/a | -\$.38 | n/a | -\$.43 | n/a |
| Central MD | +\$.16 | -\$.05 | -\$.27 | -\$.47 | -\$.29 | -\$.29 |
| Southern MD | -\$.10 | -\$.07 | -\$.10 | -\$.41 | -\$.35 | -\$.37 |
| Upper E. Sh | +\$.06 | Even | -\$.12 | -\$.35 | -\$.34 | -\$.61 |
| Lower E. Sh | +\$.18 | +\$.12 | +\$.02 | -\$.28 | -\$.32 | -\$.60 |

WEEKLY CROP WEATHER SUMMARY

MARYLAND AGRICULTURAL STATISTICS

Precipitation finally arrived last week in Maryland, but in scattered amounts. Measurements across the state varied from less than one half inch to up to 3.5 inches in some areas. All counties with the exception of Garrett, Allegany, and Montgomery Counties have received below average amounts of precipitation for July so far. The much needed rainfall helped crop conditions improve slightly, although more is needed to assure decent yields for soybeans and late planted corn. The rain received last week helped improve topsoil. **Topsoil** rated in adequate supply increased 10 percent from the previous week. Topsoil moisture is rated 25 percent adequate, 43 percent short, and 32 percent very short. **Subsoil** moisture improved slightly with 11 percent rated in adequate supply, 37 percent short, and 52 percent very short.

| CASH GRAINS - REGIONAL - (\$/bu) DEALERS AVERAGE CASH QUOTES | | | | | | | | |
|--|--------------------|--------|--------------------|-------|---------------------|--------|-----------|-------|
| Grade and Commodity | #2 Y. Shelled Corn | | #2 Yellow Soybeans | | #2 Red Winter Wheat | | #3 Barley | |
| Date | 07/24 | 07/31 | 07/24 | 07/31 | 07/24 | 07/31 | 07/24 | 07/31 |
| Baltimore | ---- | ---- | 5.85 | 5.68 | ---- | ---- | ---- | ---- |
| Western Md | 2.63 | 2.77 | 5.47 | 5.34 | 3.00 | 3.00 | 1.42 | 1.40 |
| Central MD | 2.73 | 2.71 | 5.56 | 5.45 | 3.16 | 3.14 | 1.48 | 1.48 |
| Southern MD | 2.47 | 2.45 | 5.76 | 5.62 | 3.10 | 3.08 | 1.15 | 1.15 |
| Upper E. Sh | 2.63 | 2.61 | 5.77 | 5.60 | 3.09 | 3.09 | 1.28 | 1.28 |
| Lower E. Sh | 2.77 | 2.73 | 5.85 | 5.74 | 3.11 | 3.11 | 1.29 | 1.28 |
| Soybean Meal Lower Eastern Shore Dealer's Average Cash Quotes (\$/ton) | | | | | | | | |
| Date | 07/24 | 07/31 | Date | | 07/24 | 07/31 | | |
| 48% Soybean Meal | 223.00 | 217.00 | 44% Soybean Meal | | 211.00 | 205.00 | | |

| FORWARD CONTRACT PRICE-REGIONAL (\$/bu) For Harvest delivery Dealer's Avg Quotes | | | | | | | | |
|--|--------------------|-------|--------------------|-------|---------------------|-------|-----------|-------|
| Grade and Commodity | #2 Y. Shelled Corn | | #2 Yellow Soybeans | | #2 Red Winter Wheat | | #3 Barley | |
| Date | 07/24 | 07/31 | 07/24 | 07/31 | 07/24 | 07/31 | 07/24 | 07/31 |
| Baltimore | ---- | ---- | 5.05 | 5.06 | ---- | ---- | ---- | ---- |
| Western Md | ---- | ---- | ---- | ---- | ---- | ---- | ---- | ---- |
| Central MD | 2.62 | 2.59 | 5.15 | 5.06 | 3.09 | 3.06 | ---- | ---- |
| Southern MD | 2.59 | 2.57 | 5.19 | 5.12 | 3.03 | 2.98 | 1.15 | ---- |
| Upper E Shore | 2.62 | 2.64 | 5.19 | 5.18 | 3.06 | 2.74 | ---- | ---- |
| Lower E Shore | 2.72 | 2.76 | 5.27 | 5.25 | 3.06 | 2.75 | 1.25 | ---- |

| GRAIN FUTURES - Chicago Board of Trade (cents\$/bu) - July 31, 2002 | | | | | | | |
|---|--------|----------|--------|---------|--------|---------------------------|--------|
| Corn | | Soybeans | | Wheat | | Soybean Meal ¹ | |
| Sept | 230.00 | Sept | 520.00 | Sept | 310.00 | Sept | 165.00 |
| Oct | 240.00 | Nov | 540.00 | Oct | 320.00 | Oct | 170.00 |
| Dec | 250.00 | Jan | 560.00 | Dec | 330.00 | Dec | 175.00 |
| Sept-03 | 260.00 | Sept-03 | 580.00 | Sept-03 | 340.00 | Sept-03 | 180.00 |
| Oct-03 | 270.00 | Nov-03 | 600.00 | Oct-03 | 350.00 | Oct-03 | 185.00 |
| Dec-03 | 280.00 | Jan-03 | 620.00 | Dec-03 | 360.00 | Dec-03 | 190.00 |

¹ \$/ton

| HAY AND STRAW (\$/cwt) | | | | | | | | | |
|--|--|--------------------------|--|--|--|--|--|-----------|--|
| New Holland, PA - July 29, 2002 - \$/ton - 105 Loads | | | | | | | | | |
| Alfalfa 90.00-177.00 | | Timothy 67.00-157.00 | | Mixed 52.00-210.00 | | Straw 55.00-85.00 | | | |
| Orchardgrass 45.00-157.00 | | Ear Corn 70.00-101.00 | | Oats, bu. 1.95-2.60 | | | | | |
| Westminster, MD - \$/bale - July 30, 2002 - 90 lots | | | | | | | | | |
| Alfalfa 2.60-5.50 | | Timothy 1.00-5.00 | | Mixed 1.60-4.00 | | Straw 1.00-2.30 | | | |
| Grass 1.00-3.50 | | | | | | | | | |
| POULTRY (Grade A) - Week Ending August 03, 2002 | | | | Negotiated Price, cents/lbs | | | | | |
| | | <u>Current Week</u> | | <u>Week Ago</u> | | <u>Month Ago</u> | | | |
| | | | | | | <u>Year Ago</u> | | | |
| NY Wtd Avg. (Fryers) | | 49.22 | | 50.95 | | 56.09 | | | |
| 12-City Composite | | 55.74 | | 57.64 | | 58.37 | | | |
| 61.07 | | | | | | | | | |
| LAMBS - Westminster, MD - \$/cwt - July 30, 2002 | | | | | | | | | |
| Ch | | 70-95 lbs | | 81.00-86.00 | | Medium Ch | | | |
| 50-70 lbs | | 80.00-88.00 | | 70.00-77.00 | | Sheep | | | |
| | | | | 18 hd | | 30.00-56.00 | | | |
| | | | | Heavy Weights | | 20.00-30.00 | | | |
| TERMINAL MARKET HOGS-August 01, 2002 | | | | DIRECT MARKET HOGS - Westminster, MD - | | | | | |
| <u>Base Price Range (\$/cwt)</u> | | <u>Carcass Basis</u> | | <u>Sows (1-3)</u> | | N/A | | | |
| a.m. | | Base 185 lb Hog | | 300-449 lbs | | | | | |
| Eastern Cornbelt | | 47.75-56.20 | | 12.00-25.00 | | | | | |
| Iowa, Minn | | 46.25-58.16 | | 18.62-25.10 | | Millsboro, DE Market Hogs - \$/cwt - Next Sale 8/06/02 | | | |
| FEEDER PIGS - (\$/cwt) | | | | | | | | | |
| Gumboro, DE - Head: Trend: Next Sale 8/19/02 | | | | New Holland, PA - July 31, 2002 | | | | | |
| | | | | Head: 608 Trend: Early sales - \$10-20 lower-closing, \$20-35 lower-70% sold | | | | | |
| | | | | 30-46 lbs | | 77.00-82.00 | | 47-62 lbs | |
| | | | | 57.00-75.00 | | | | | |
| 33-47 lbs | | 60.00-65.00 | | 49-74 lbs | | 40.00-50.00 | | | |
| LIVE CATTLE FUTURES - CHICAGO MERCANTILE EXCHANGE- (\$ cwt.) - July 31, 2002 | | | | HOG FUTURES - CHICAGO MERCANTILE EXCHANGE - (\$ cwt.) - July 31, 2002 | | | | | |
| Aug | | 63.00 | | Aug | | 66.00 | | | |
| Oct | | 64.00 | | Oct | | 67.00 | | | |
| Dec | | 65.00 | | Dec | | 68.00 | | | |
| Aug | | 50.00 | | Aug | | 53.00 | | | |
| Oct | | 51.00 | | Oct | | 54.00 | | | |
| Dec | | 52.00 | | Dec | | 55.00 | | | |
| STOCKER-FEEDER CATTLE - (\$/cwt) | | | | | | | | | |
| Winchester, VA - July 29, 2002 | | | | Westminster, MD - July 30, 2002 | | | | | |
| Steers | | 400-500 lbs | | 79.00-81.00 | | Steers | | | |
| | | 500-600 lbs | | 74.25-82.00 | | 400-600 lbs | | | |
| | | 600-700 lbs | | 70.00-71.50 | | 72.00- 88.00 | | | |
| | | 700-800 lbs | | 66.00-70.00 | | 600-800 lbs | | | |
| Heifers | | 300-400 lbs | | 84.00-90.50 | | 46.00- 57.00 | | | |
| | | 400-500 lbs | | 73.50-81.00 | | 700-900 lbs | | | |
| | | 500-600 lbs | | 70.00-75.00 | | | | | |
| | | 600-700 lbs | | 68.50-71.00 | | Heifers | | | |
| | | 700-800 lbs | | 62.00-64.00 | | 700-900 lbs | | | |
| | | | | | | 46.00- 57.00 | | | |
| Hols Bulls | | #1 | | 95-115 lbs | | 110.00-125.00 | | | |
| | | | | 85- 94 lbs | | 70.00- 90.00 | | | |
| | | #2 | | 95-115 lbs | | 85.00-105.00 | | | |
| | | | | 80- 94 lbs | | 50.00- 70.00 | | | |
| Hols Heifers | | #2 | | 80-115 lbs | | 200.00-315.00 | | | |
| | | | | 70- 80 lbs | | 80.00-150.00 | | | |
| Lancaster, New Holland & Vintage - Week Ending - August 03, 2002 | | | | | | | | | |
| Bull, Holstein | | 90-125 lbs | | 130.00-150.00 | | Plainer | | | |
| Heifers, Hols. | | 85-115 lbs | | 340.00-525.00 | | Plainer | | | |
| 90-125 lbs | | 82.00-127.00 | | 90-125 lbs | | 82.00-127.00 | | | |
| 80-115 lbs | | 140.00-350.00 | | 80-115 lbs | | 140.00-350.00 | | | |
| SLAUGHTER CATTLE (\$/cwt) | | | | | | | | | |
| Westminster, MD - July 31, 2002 | | | | | | | | | |
| Fed Steers | | | | Fed Heifers | | | | | |
| Hi- Ch -Pr | | 1100-1500 lbs | | 66.00-68.00 | | Hi-Ch-Pr | | | |
| Ch 2&3 | | | | 63.00-66.00 | | 1100-1400 lbs | | | |
| over 1500 lbs | | 60.50-63.75 | | 61.00-64.00 | | 65.00-68.00 | | | |
| Cows | | | | Veal Calves | | | | | |
| Breakers | | 40.00-43.75 | | Ch | | 225- 350 lbs | | | |
| Boners | | 36.00-40.00 | | Good | | 80- 100 lbs | | | |
| Lean | | 32.00-36.00 | | | | 83.00-90.00 | | | |
| Thin | | 31.00-DOWN | | | | 40.00-55.00 | | | |
| Lancaster, New Holland & Vintage - Week Ending - August 03, 2002 | | | | | | | | | |
| Steers, Choice 2-3 | | 1085-1470 lbs | | 62.75-66.50 | | Steady - instances \$.50 lower | | | |
| Heifers, Choice 2-4 | | 1070-1290 lbs | | 59.50-66.50 | | Scarce - small supply - \$1 lower | | | |
| Cows, Breakers 75-80 pct lean | | | | 41.00-48.25 | | Steady - instances \$1 lower on lean cows | | | |
| Bullocks, Select 1-3 | | 950-1200 lbs | | 48.00-50.00 | | n/a | | | |
| Bulls, YG-1 | | 1500-1900 lbs | | 52.00-56.00 | | \$1 lower | | | |
| Vealer, Standard & Good | | 85- 110 lbs | | 25.00-40.00 | | Steady - \$5 lower | | | |

For more information about this report, call 410-841-5740 or write:

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| MARYLAND DEPARTMENT OF AGRICULTURE | Parris N.Glendening | Governor |
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